GOVENRMENT OF ANDHRA PRADESH
ABSTRACT

Industries and Commerce Department – Visakhaptnam Chennai Industrial Corridor Development Program (VCICDP) – Asian Development Bank MFF Loan No. 3430 IND & Policy Based Loan No. – 3424 IND – Administrative Sanction for an amount of Rs.3187.80 Crs. – Orders – Issued.

INDUSTRIES AND COMMERCE (INFRA) DEPARTMENT

G.O. Rt. No.328 Dated:16.11.2017

Read the following:

1. Proposal from the Senior Urban Development Specialist SAUW, South Asia Regional Department, Asian Development Bank, Manila, Dt.:19.03.2015 to DoEA, Ministry of Finance, GoI.
2. D.O. Letter No.2459/PFS/2015, Dt.01.05.2015 of the Principal Secretary to Government, Finance Department, GoAP to the DoEA, Ministry of Finance, GoI.
3. Facility Administration Manual (Project Number: 48434-002 agreed by the Asian Development Bank and the GoAP during March 2016.
4. Loan Agreement (Loan Number: 3430-IND) between Asian Development Bank and the Secretary, Department of Economic Affairs, Ministry of Finance, Govt. of India, dated 23rd February, 2017.
5. Loan Agreement (Loan Number: 3424-IND) between Asian Development Bank and the Secretary, Department of Economic Affairs, Ministry of Finance, Govt. of India, dated 23rd February, 2017.
6. Project Agreement (Grant Number: 0495-IND) between Asian Development Bank and the Special Chief Secretary (Finance), Finance Department, Govt. of Andhra Pradesh, dated 23rd February, 2017.
7. Program Agreement (Loan Number: 3424-IND) between Asian Development Bank and the Special Chief Secretary (Finance), Finance Department, Govt. of Andhra Pradesh, dated 23rd February, 2017.

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ORDER:

The Asian Development Bank approved on 20 September 2016 the Visakhapatnam–Chennai Industrial Corridor Development Program (VCICDP) comprising Multi Tranche Financing Facility (MFF 0093-IND) of $500 million, Policy Based Loan (PBL Loan 3424-IND) of $125 million, and Capacity Building TA (TA 9173-IND) of $1.0 million. Subsequently, ADB approved on 26 September 2016 Project 1 of the MFF comprising a loan (Loan 3430-IND) of $245 million, and a grant from the Urban Climate Change Resilience Trust Fund (UCCRTF)(Grant 0495-IND) of $5 million. Project - 1 loan and grant agreements were signed on 23rd February 2017 and declared effective on 5th May 2017. Programme (Policy Based Loan) agreement was signed on 23rd February 2017.

2. The project period for the MFF loan is from 5/2017 to 12/2022 and for policy based loan is from 5/2017 to 12/2019.

Project Objective:

3. The VCIC-DP will complement the ongoing efforts of the Government of Andhra Pradesh (GoAP) to enhance industrial growth and create high-quality jobs. The MFF and the grant will support priority infrastructure investments in the Visakhapatnam–Chennai Industrial Corridor (VCIC), and the PBL will support policy reforms and institutional development in the state.

(P.T.O)

4. The Project Financing Plan:

Sl No	Component	Total Project Cost (US$ M)	ADB Financing (US$ M)	State Govt. Share (US$ M)	% Of Finance
1	Multi Tranche Financing Facility (MFF) Multitranch-I	353	245	108	70%
2	UCCRTF (Grant)	5	5	0	100%
	TOTAL	358 (353 + 5 Grant)	250	108	70%
3	Policy Based Loan	125	125	0	100%
	Total Project Cost	483 (478 + 5Grant)			
	Total Financing Required	483 (Rs.3187.80 Crs)			

- Exchange rate: 1 USD = Rs. 66-00 (as per FAM)

5. Project Out puts:

The Project will have the following out puts, the policy based loan will support output- 1 and MFF and the Grant will supports out puts 2 and 3:

Sl No	Out puts
1	Corridor Management strengthened and ease of doing business improvement
2	Visakhapatnam–Chennai Industrial Corridor Infrastructure Strengthened and more resilient
3	Institutional Capacities, human resources and programme management strengthened

6. Project Area:

The VCIC is proposed as a node centric development platform with four nodes: (i) Visakhapatnam node, (ii) Kakinada node, (iii) Amaravati region node, and (iv) Yerpedu-Srikalahasti node.

7. Project Components: The component wise break up for MFF loan is provided below:

Component	A – Investment Costs	B – Recurrent Costs	C - Contingencies	D – Financing Charges During Implementation	Total
1 – Internal Infrastructure in Industrial clusters (APIIC)	72.54	0.75	9.94	4.49	87.72

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2 – Urban Water Supply and Climate Change resilience (GVMC)	60.43	1.08	7.95	3.59	73.05
3 – Roads and Road safety measures (APRDC)	40.35	0.57	3.21	1.45	45.58
4 – Power transmission and distribution (APTRANSCO)	124.66	2.24	17.04	7.71	151.65
	297.99	4.64	38.14	17.24	358.00

8. Institutional and Implementation Arrangements:

The State Level Project Steering Committee constituted at apex level for VCICDP will oversee and monitor the overall progress of the program. The Department of Industries and Commerce (DOIC) is the executing agency, and a Program Management Unit (PMU), under the Commissioner of Industries (COI), is responsible for planning, implementation, monitoring and supervision, and coordination of all activities under the VCICDP. Project Implementation Units (PIUs) have been established in Andhra Pradesh Industrial Infrastructure Corporation (APIIC); Andhra Pradesh Road Development Corporation (APRDC); Transmission Corporation of Andhra Pradesh (AP Transco); and Greater Visakhapatnam Municipal Corporation (GVMC).

9. Procurement:

All procurement of goods and works will be undertaken in accordance with ADB's procurement guidelines (2015, as amended from time to time). Before the start of any procurement, ADB and the Government will review the procurement procedures of the relevant agencies (DOIC, PMU and PIUs) to ensure consistency with ADB's procurement guidelines (2015, as amended from time to time), and audit and disbursement procedures of the relevant agencies (Finance Department, Audit Office, DOIC, PMU, PIUs) to ensure consistency with ADB's disbursement procedures

10. Financial Management and Fund Flow:

Budget lines for VCIC-DP were created under – 4875-60-M.H 800-GH03-SH(06)-530/531 and 5054-05-052-03-SH(04)-530/531 and Additional budget lines will be created in alignment with the components, sub-components, activities and sub-activities of the project. Based on the annual action plan the respective executive agencies will receive funds from the Government of A.P through Works-PAO system or Treasury/ PAO system as the case may be in accordance with the G.O.Ms. 297 Finance (TFR-I) Dated:10.10.2006 .

11. Government after careful consideration, hereby accord Administrative Sanction to the "Visakhapatnam Chennai Industrial Corridor Development Program (VCICDP)" for an amount of Rs.3187.80 Crs. (Rupees Three Thousand One Hundred and Eighty Seven Crores and Eighty Lakhs only), out of which the loan from the Asian Development Bank is Rs.2,442.00 Crs. (Rupees Two Thousand Four Hundred and Forty Two Crores only) and Grant from Asian Development Bank is Rs.33.00 Crs.(Rupees Thirty three Crores only) and the share of the Government of Andhra Pradesh is Rs.712.80Crs. (Rupees Seven Hundred and Twelve Crores and Eighty Lakhs only.

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12. The legal documents for the Development Program (i.e., Loan Agreement for Loan Number 3430-IND, Loan Agreement for the Loan Number 3424-IND, Program Agreement for the Loan Number 3424-IND and the Project Agreement for Grant Number 0495-IND) were signed on 23.02.2017.

13. The Secretary to Government, Industries & Commerce (Infra) Department shall approve the annual action plan for the Development Program. The Project Director, VCICDP PMU and PIUs shall take necessary action for the implementation of the Project.

14. This order is issued with the concurrence of Finance (PMU) Department, Vide their U.O.No.28021/9/2017-SO(PMU-EAP), Dated:14/11/2017.

15. A copy of this Order is available on the internet and can be accessed at the address htpp:/www/goir.ap.gov.in

(BY ORDER IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.SOLOMON AROKIARAJ
SECRETARY TO GOVERNMENT & CIP

To
The Project Director, Visakhapatnam Chennai Industrial Corridor Development Program Project Monitoring Unit, Vijayawada.
The Accountant General, Andhra Pradesh, Vijayawada.
The Director of Treasuries and Accounts, Vijayawada.
The Director (Works & Accounts), Vijayawada.
The Pay and Accounts Officer, Vijayawada.
The District Collectors, Visakhapatnam, East Godavari, Krishna and SPS Nellore.

Copy to:
The VC&MD, APIIC Limited, Vijayawada.
The Commissioner, GVMC, Visakhapatnam
The MD, APRDC, Vijayawada,
The C&MD, APTRANSCO, Vijayawada
P.S to Secretary to Govt., & CIP, I&C Dept.,
P.S. to Spl.C.S to Govt., Revenue (LA) Dept.,
P.S. to Prl.Secy. to Govt., MA&UD Dept.
P.S. Prl.Secy. to Govt., E&I&I Dept.,
P.S. Prl.Secy. to TR&B Dept.
Finance (PMU/Rev.I&C) Dept.,
P.S. to Minister for Industries
P.S. to Prl. Secretary to CM (GSP)
Sc/Sf (C.No.8323/Infra/A2/2017)

//FORWARDED::BY ORDER//

SECTION OFFICER